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Before the
FEDERAL COMMUNICATIONS COMMISSION
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In the Matter of:

Implementation of Section 26
of the Cable Television Consumer
Protection and Competition Act of 1992

Inquiry into Sports Programming
Migration

PP Docket No. 93-21

To: The Commission

COMMENTS OF VIACOM INTERNATIONAL INC.

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SUMMARY

Viacom International Inc. ("Viacom") hereby offers its comments in PP Docket No. 93-21, which seeks information necessary to allow the Commission to conduct the sports programming study mandated by the Cable Television Consumer Protection and Competition Act of 1992.

Viacom, through its ownership of (i) SET Pay Per View (Showtime Event Television) ("SET"), a national pay-per-view event distribution business; (ii) Showtime, a national premium program service; and (iii) a 40% interest in Prime Sports Northwest ("Prime Sports"), a regional advertiser-supported basic cable sports program service, has had a diverse experience in sports programming. Sports carried by these program services include college football and basketball, boxing, professional basketball, professional football, car racing, as well as other sports.

Viacom's experiences illustrate that the new methods of television distribution have served to increase the quantity, quality and diversity of sports programming available to consumers. For example, during the most recent college football season, SET entered into an agreement with the ABC Television Network to expand significantly the number of college football games available to consumers in a given area. This agreement allowed consumers to choose either to view the game exhibited via the local ABC broadcast affiliate or to order a game of greater personal appeal offered by SET. SET and Showtime also televise

boxing. SET offers the "big event" fights, which previously were generally available only via "closed circuit." Showtime offers boxing events live and on a tape-delayed basis. As a result of the efforts of SET and Showtime, as well other premium program services and advertiser-supported basic cable services, more boxing is available to consumers in their homes today than ever before.

Prime Sports has also served to increase the availability of sports programming to consumers. The sports programming carried by Prime Sports is incremental to sports available via traditional broadcast and has not had the effect of siphoning sports from one distribution medium to another. Through agreements with schools in the northwest, Prime Sports televises college football and basketball (on both a live basis and by tape delayed replays of games), as well as a wide variety of college sports which previously were available only rarely, if at all, on traditional broadcast television. Prime Sports is also involved with professional sports, televising approximately 20 games of the Seattle Supersonics professional basketball team and, through an agreement with a local broadcaster, the pre-season games of the Seattle Seahawks professional football team in areas not served by the broadcaster. Prime Sports also carried approximately ten games of a local semi-pro hockey team.

In sum, the new methods of television distribution serve to increase the array of sporting events available to consumers in their homes.

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program service Showtime. Through a wholly-owned subsidiary, Viacom also holds a 40% interest in Prime Sports Northwest ("Prime Sports"), a regional, advertiser-supported basic cable

II. New Methods of Television Distribution Serve to Expand Consumer Choice

A. National Program Services: SET and Showtime

1. College Football

During the 1992 college football season, SET and ABC Sports offered fans an innovative opportunity to increase their viewing options for college football games. As the Commission is undoubtedly aware, the ABC Television Network for a number of years has broadcast college football games on a weekly basis during the football season. The game or games offered on a particular week over the network would either be national (i.e., available on all stations affiliated with ABC) or regional (i.e., although all areas would receive a game, certain games would be broadcast only in limited areas). This format, which was essentially mandated by the capacity limitations inherent in traditional broadcast delivery, forced ABC to decide which game would have the broadest appeal in a given area and to make only that single game available to its local broadcast viewers.

As a result of the increased channel capacity available to cable viewers, SET, in conjunction with ABC, was able to offer viewers the opportunity to make their own program selection, choosing from among the college football games that were not being broadcast in their area. These additional games were made available on a pay-per-view basis. For example, on September 5, 1992, ABC was broadcasting, on a regional basis, either Notre

Dame at Northwestern, Texas A&M at LSU, or USC at San Diego State. A Notre Dame fan living in Texas for the first time had the ability to choose either the Notre Dame game or the Texas A&M game being carried by the local ABC affiliate. Thus, a viewer who did not desire to watch a game on a pay-per-view basis was still able to watch the local game over broadcast television.

The SET/ABC effort thus expanded viewer choice. A viewer had the option to either watch the game exhibited by the local ABC affiliate via traditional broadcast, or order a game of greater personal appeal through SET. ABC also has the ability to derive additional revenue through such pay-per-view offerings. This new revenue stream should ultimately redound to the benefit of consumers because ABC has new sources of funding with which to produce additional packages of games. Participating colleges and universities also benefit from a new revenue stream and from the opportunity to nurture relationships with geographically dispersed alumni.

2. Boxing

In addition to the major team sports,² the NOI also seeks data on other sporting events. NOI at ¶10. As mentioned above, both Showtime and SET offer boxing as a regular component of

² The focus of the NOI is primarily on Major League Baseball, the National Football League, the National Basketball Association, the National Hockey League, college football, and college basketball. NOI at ¶ 5.

their programming. The premium and pay-per-view exhibitions of these boxing telecasts reflect the greater diversity of program offerings and increased consumer choice that have resulted from the explosion of new methods of television distribution for sporting events.

Showtime regularly offers boxing as part of its programming. Some of these events are televised live, while others are shown on a delayed basis (usually within one week of the fight). Each event is televised commercial-free and generally includes two or more boxing matches, at least one of which is generally a title bout. Showtime's recent telecasts of live fights have featured fighters such as Julio Caesar Chavez, Michael Nunn, and Tony Tucker. HBO, a competing premium program service, also regularly offers boxing as part of its program schedule.

Thus, Showtime and HBO televise approximately 20 boxing events (which often include more than one match) per year in the aggregate. In addition, advertiser-supported basic cable services also present boxing on a regular basis. For example, USA Network and ESPN each has weekly boxing shows. These programs generally feature up-and-coming boxers. Similarly, MSG, Sportschannel America, Sportschannel, and Prime Ticket also regularly present boxing, as does traditional broadcast television.

SET also offers boxing commercial-free. The matches it televises are generally "big event" fights -- those for the more

prestigious titles and featuring the most popular fighters. Indeed, SET recently televised what it believes to be an unprecedented four championship fights on one night. Viacom submits that these types of fights, at least from the mid-1970's, were rarely offered live on a broadcast basis. Rather, they were televised on "closed circuit" for a fee to the consumer, generally in a theater or arena. Thus, SET's carriage of boxing has not had the effect of siphoning off sports from broadcast television. Rather, SET has allowed consumers the convenience of ordering and watching these feature events in their own homes.³

In sum, the new methods of television distribution have markedly increased the quantity and quality of boxing events available to viewers in their homes. These range from boxing appearing on advertiser-supported basic cable services, bouts shown on premium program services as a regular part of their programming, and pay-per-view events, and far exceed the number of events that appeared when broadcast was the sole distribution source.

3. New Sporting Events

In addition to increasing consumer access to existing sports, new distribution methods also present the opportunity to bring new and different events to television. For example, SET

³ TVKO, an affiliate of Time Warner, similarly offers "big event" boxing matches on a pay-per-view basis.

recently televised "Clash of the Legends," a live one-on-one basketball game between Julius "Dr. J" Erving and Kareem Abdul Jabbar.⁴ Although not a traditional sport, "Clash of the Legends" demonstrates the willingness of distributors using new

~~technologies to take risks and experiment in ways that were~~

some of the costs involved are being passed along directly to consumers, these new methods of distribution have increased and will continue to increase the quantity, quality and diversity of program offerings available to consumers in their homes.

B. Regional Program Service: Prime Sports Northwest

As illustrated by the operations of Prime Sports, regional program services have also added to the diversity of sports programming available to the consumer.

1. College Football

Prime Sports, through agreements with regional colleges in the PAC-10 football conference, supplements the existing broadcast coverage of PAC-10 football by televising tape delayed replays of games. In addition, Prime Sports produces and cablecasts live PAC-10 conference games featuring Pacific Northwest schools, which are not part of the PAC-10 conference agreement with network broadcast television. Prime Sports also offers a four game package of football games from the Big Sky Conference. Viacom believes that these games, which are shown live, were not previously available via broadcast television.

2. College Basketball

Prime Sports also televises an eight game package of college basketball games featuring teams from the Big Six Conference.

These games are also incremental to games available via broadcast television. In addition, Prime Sports has entered into agreements with the University of Washington, the University of Oregon, Washington State, and Oregon State, to televise both men's and women's basketball games involving those schools. Some of the games are shown live, while others are on a tape delayed basis.

3. Other College Sports

In addition to college football and basketball, Prime Sports televises a wide variety of college sports featuring teams -- both men's and women's -- from the University of Washington, the University of Oregon, Washington State and Oregon State. The sports featured are the type that appeared only rarely, if at all, on broadcast television. Among the sports shown are soccer, swimming, volleyball, gymnastics, wrestling, baseball, track and field, tennis, and softball.

4. Pro Basketball

Prime Sports also televises 20 games of the Seattle Supersonics professional basketball team. The games shown on Prime Sports are new and incremental to the 15 games that continue to be available over local broadcast television. The Supersonics determine which games are to be exhibited on local broadcast and those which appear on Prime Sports.

5. Professional Football

Prime Sports has also entered into an agreement with a local broadcaster to expand the reach of preseason professional football games featuring the Seattle Seahawks. Prime Sports carries the games, which are broadcast by a Seattle station, in areas beyond the reach of the broadcaster's signal. The games do not appear on Prime Sports on cable systems within the broadcaster's regular market area.

6. Other Sports

During the 1992-1993 season, Prime Sports also carried 10 games of the Seattle Thunderbirds, a local semi-pro hockey team. Prime Sports has found a loyal audience for these games, which had not previously been available via broadcast television.

As illustrated above, Viacom's regional sports network has not siphoned sports from one distribution medium to another, but has served instead to greatly expand the amount and diversity of sports programming available to consumers in the Seattle-Tacoma area.

III. Conclusion

Both traditional broadcasters and the new methods of program distribution make important contributions to the availability of sports programming to the American public. The new distribution

methods have served, and will continue to serve, to increase the
array of sporting events available to consumers in their own